



Department of Energy
Western Area Power Administration
Upper Great Plains Region
P.O. Box 35800
Billings, MT 59107-5800

JUN 06 2003

**TO ALL PICK-SLOAN MISSOURI BASIN PROGRAM-EASTERN DIVISION FIRM
ELECTRIC SERVICE CUSTOMERS AND OTHER INTERESTED PARTIES**

This letter is to notify Pick-Sloan Missouri Basin Program-Eastern Division (P-SMBP-ED) Firm Electric Service Customers of the upcoming firm electric service rate adjustment process which will formally begin with the publication of a Federal Register notice (FRN) and end 90 days later. The FRN is scheduled to be published in mid-June. Once published, Western Area Power Administration (Western) will send all firm electric service customers and other interested parties a copy of the FRN in addition to posting it on our website located at <http://www.wapa.gov/ugp/rates/2004RateAdj/federalregisters.htm>.

As part of the rate process, Western has scheduled Forums as follows:

Public Information Forums:

July 14, 2003, at 1 p.m. MDT
Radisson Stapleton Plaza
3333 Quebec Street
Denver, CO

July 15, 2003, at 9 a.m. CDT
Southeast Community College
(1st Floor of the Energy Plaza)
11th and O Street
Lincoln, NE

July 16, 2003, at 9 a.m. CDT
Ramkota Hotel and Conference Center
2400 North Louise Avenue
Sioux Falls, SD

July 17, 2003, at 9 a.m. CDT
Doublewood Inn
3333 13th Avenue South
Fargo, ND

Public Comment Forums:

August 6, 2003, at 1 p.m. MDT
Radisson Stapleton Plaza
3333 Quebec Street
Denver, CO

August 7, 2003, at 9 a.m. CDT
Ramkota Hotel and Conference Center
2400 North Louise Avenue
Sioux Falls, SD

The following information briefly summarizes the rate adjustment information that will be contained in the FRN. A "Proposed Firm Electric Service Rate Adjustment" brochure will soon be available on our website at <http://www.wapa.gov/ugp/rates/2004RateAdj/information.htm>. If you would like us to send you a hard copy of the brochure, please telephone Leslie Kerr at (406) 247-7442.

P-SMBP-ED FIRM ELECTRIC SERVICE

The fiscal year 2002 repayment analysis for P-SMBP-ED indicates a need to adjust the existing firm electric service rates. In the upcoming FRN, Western will propose the following increases to the P-SMBP-ED rates:

P-SMBP-ED FIRM ELECTRIC SERVICE RATES

Firm Electric Service	Existing Rates	Proposed Rates January 1, 2004
P-SMBP-ED Composite Rate	14.23 mills/kWh	16.42 mills/kWh
Firm Capacity	\$3.20/kW month	\$3.70/kW month
Firm Energy	8.32 mills/kWh	9.57 mills/kWh
Tiered > 60 Percent Load Factor Energy	3.38 mills/kWh	7.23 mills/kWh
Firm Peaking Capacity	\$3.20/kW month	\$3.70/kW month
Firm Peaking Energy 1/	8.32 mills/kWh	9.57 mills/kWh

1/ Firm Peaking Energy is normally returned. This rate will be assessed in the event Firm Peaking Energy is not returned.

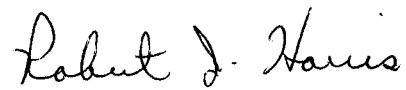
The proposed rate adjustment is scheduled to become effective on an interim basis on the first day of the January 2004 billing period. Your comments and questions concerning the proposed adjustment are requested at the public meetings. Comments may also be sent to the following address:

Mr. Robert J. Harris
Regional Manager
Western Area Power Administration
Upper Great Plains Region
2900 4th Avenue North
Billings, MT 59101-1266

In addition, comments may be sent to the following e-mail address:
ugp2004rateadj@wapa.gov.

Western will finalize the proposed rate after public discussions are held and public comments are reviewed and considered. Western welcomes your participation in the rate adjustment process and will furnish you with additional information as it becomes available.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Harris".

Robert J. Harris
Regional Manager